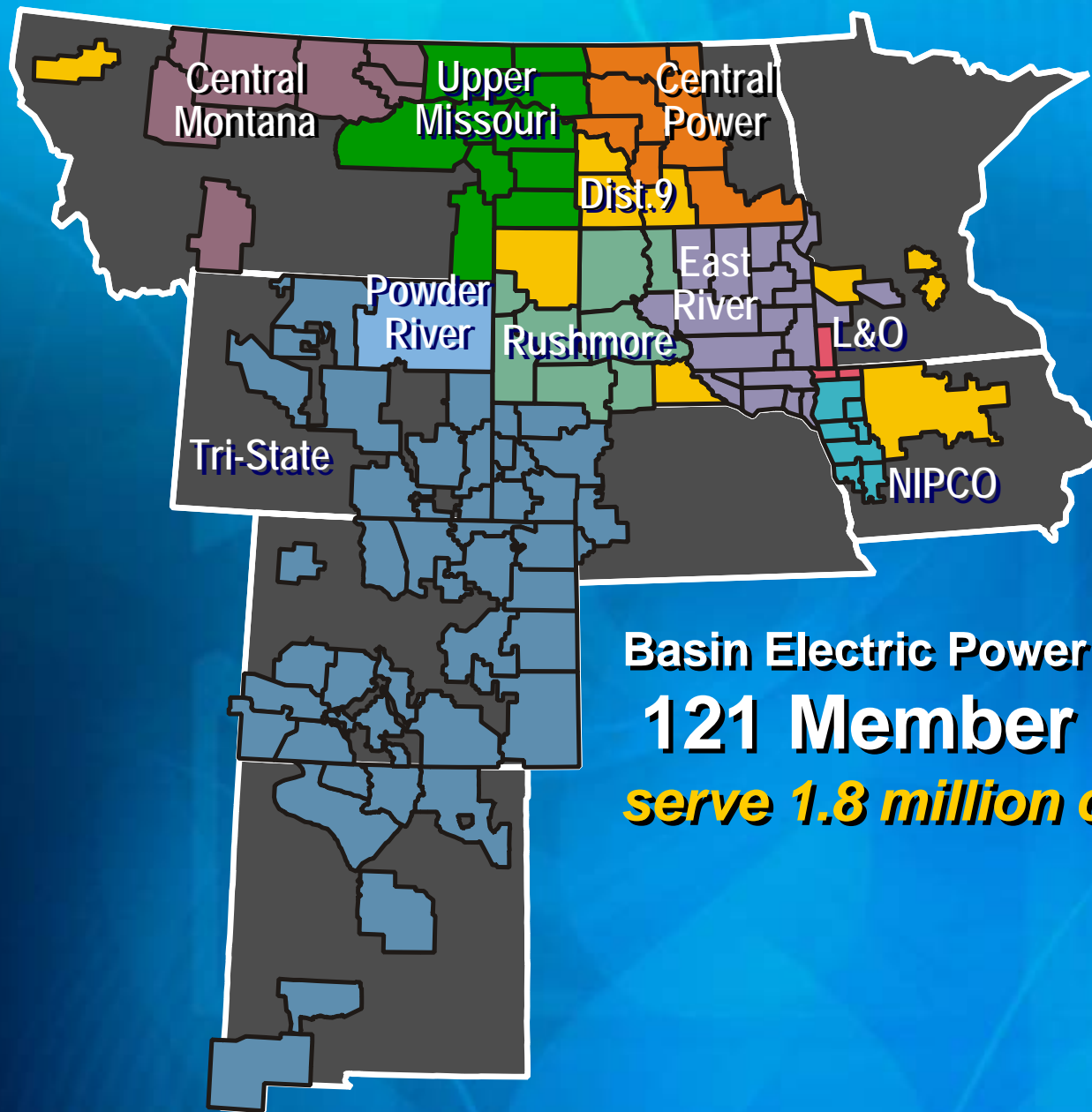


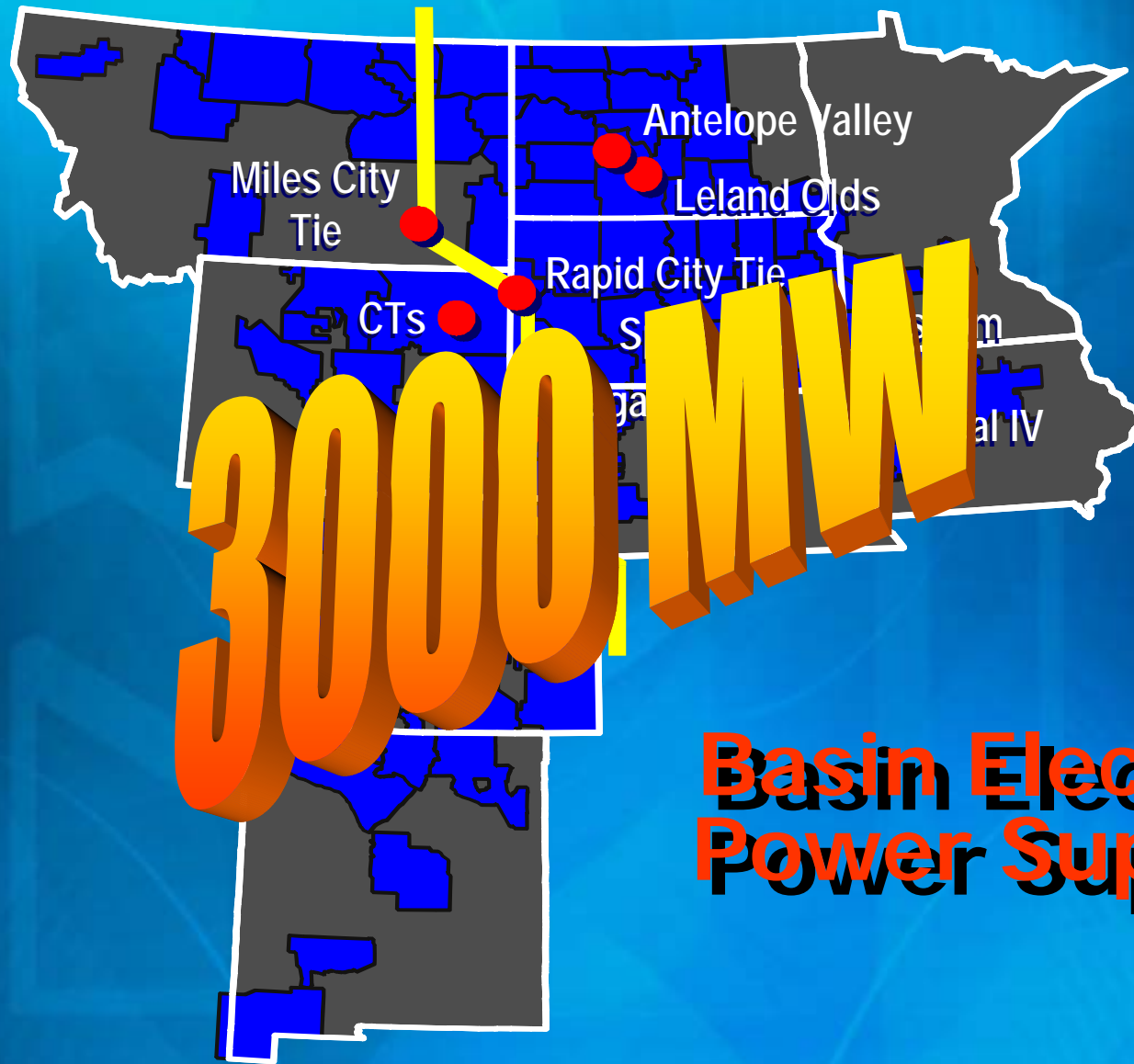
# **Basin Electric & Subsidiary Rail Overview**

**South Dakota PUC**

**April 21, 2006**

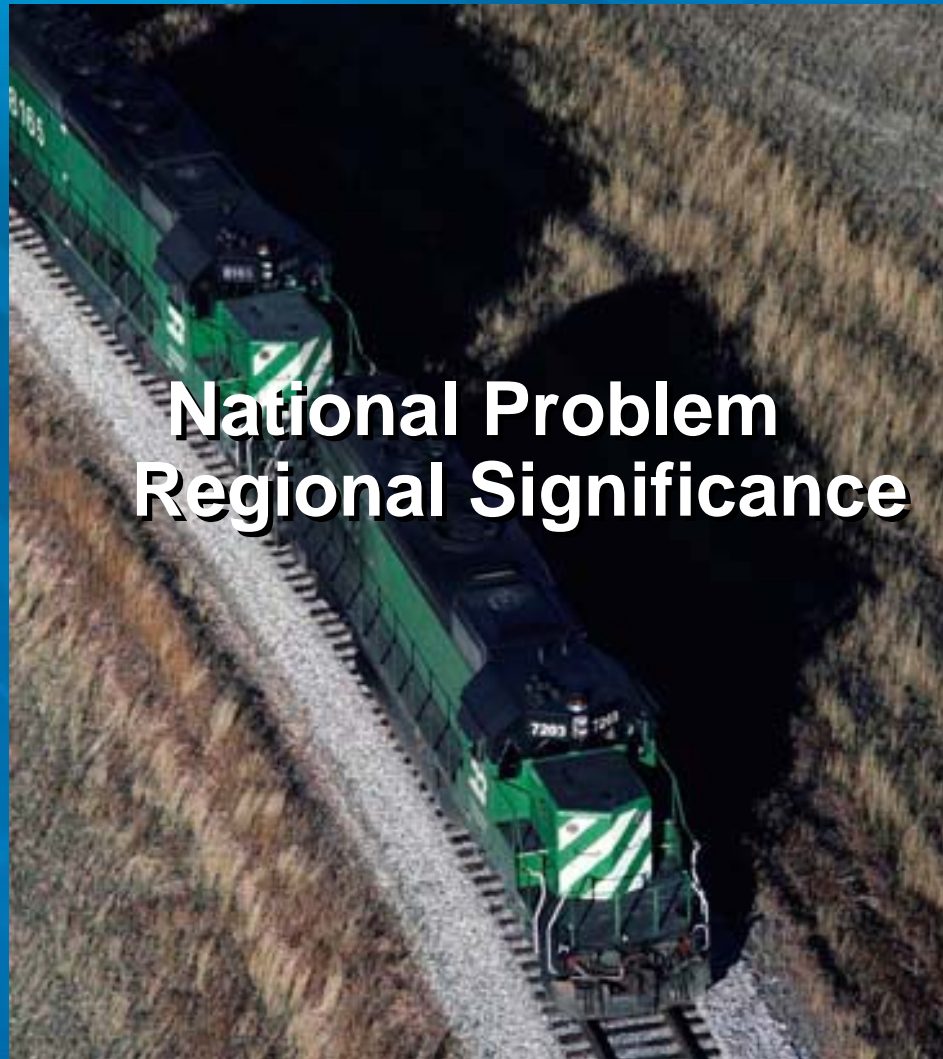


Basin Electric Power Cooperative  
**121 Member Co-ops**  
*serve 1.8 million consumers*



**Basin Electric  
Power Supply**

# Rail Service & Rate Issues



**National Problem  
Regional Significance**

# **Basin Electric's Rail Concerns**

- **Rates**
- **Service**
- **Future Expansion**



# **Basin Electric Use of Railroads**

- **Delivery of**
  - **PRB coal to WY power plants**
  - **PRB coal to ND for environmental compliance**
  - **lignite coal to ND power plants**
  - **lime for emission control equipment at power plants in WY & ND**
  - **limestone to sugar beet plants in Nebraska, Colorado, and Montana**
  - **chemical byproducts and fertilizer out of ND**

# Basin Electric Railcars

- **Western Fuels (LRS Coal Supplier)** **360**
  - Owns 3-120 car trains
- **Dakota Gasification Company** **350**
  - Owns 225 tanker cars
  - Leases 125 covered hopper cars
- **Wyoming Lime Producers** **90**
  - Leases 75 covered hopper cars
  - Requesting another 15
- **Dakota Coal Company** **179**
  - Owns 179 cars

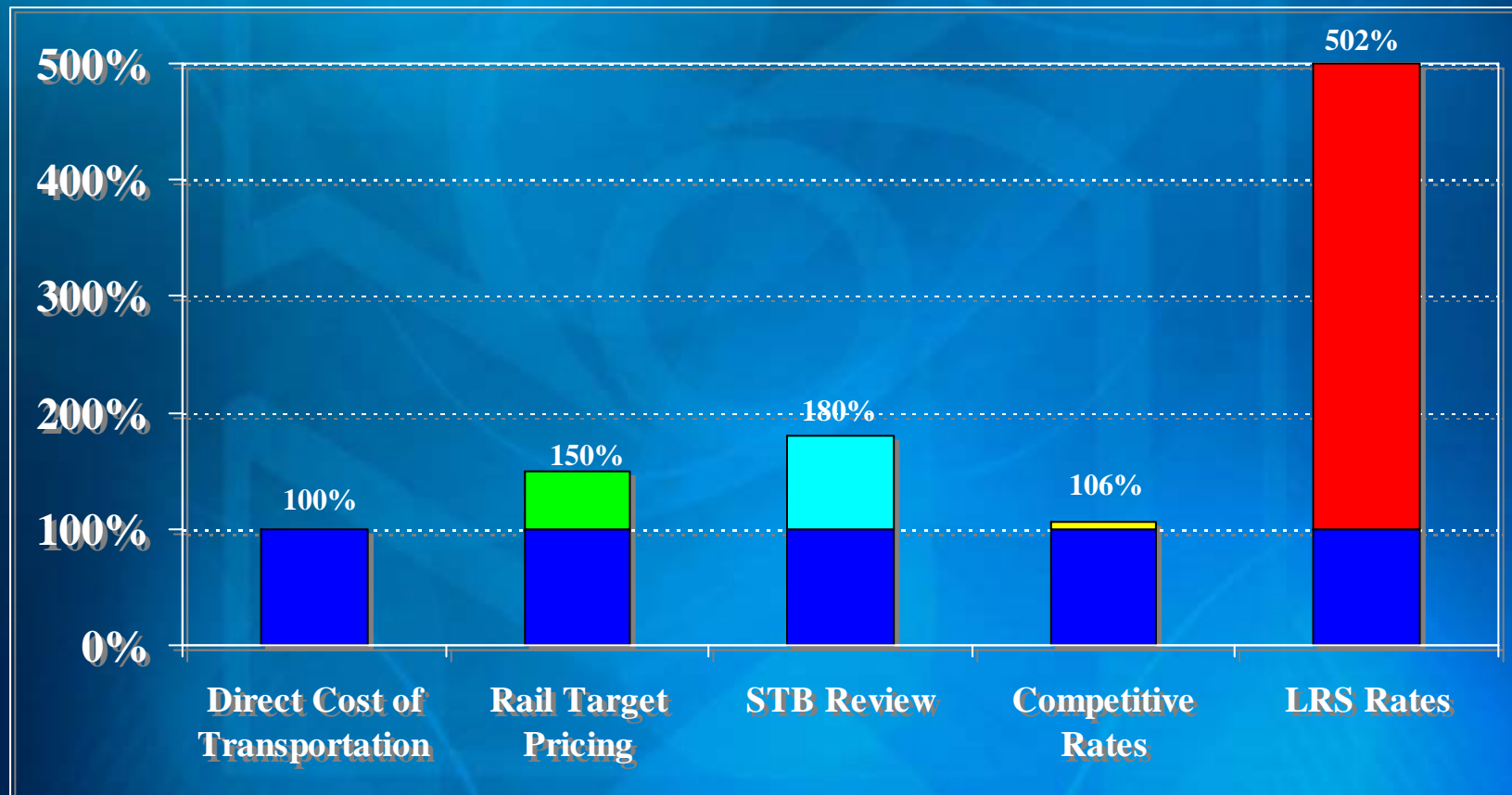
**Total = 979**

# **Examples of Rail Abuses/Problems**

- **Rate increases:**
  - **Laramie River Station, Dakota Gasification, Wyoming Lime Producers, Dakota Coal Co.**
- **Service problems, car shortages:**
  - **LRS – Lack of coal delivery**
  - **DGC – 40% increase in car return time**
  - **WLP – Forced to truck lime to plants**



# CAPTIVE RAIL RATES



# **Yearly Impact\* of LRS Rail Rate Increase in SD**

|                         |                   |
|-------------------------|-------------------|
| • East River Electric   | \$3,242,000       |
| • Rushmore Electric     | \$1,492,000       |
| • Grand Electric        | \$ 326,000        |
| • Rosebud Electric      | \$ 51,000         |
| • Missouri River Energy | \$2,400,000       |
| • <u>Heartland</u>      | <u>\$ 240,000</u> |

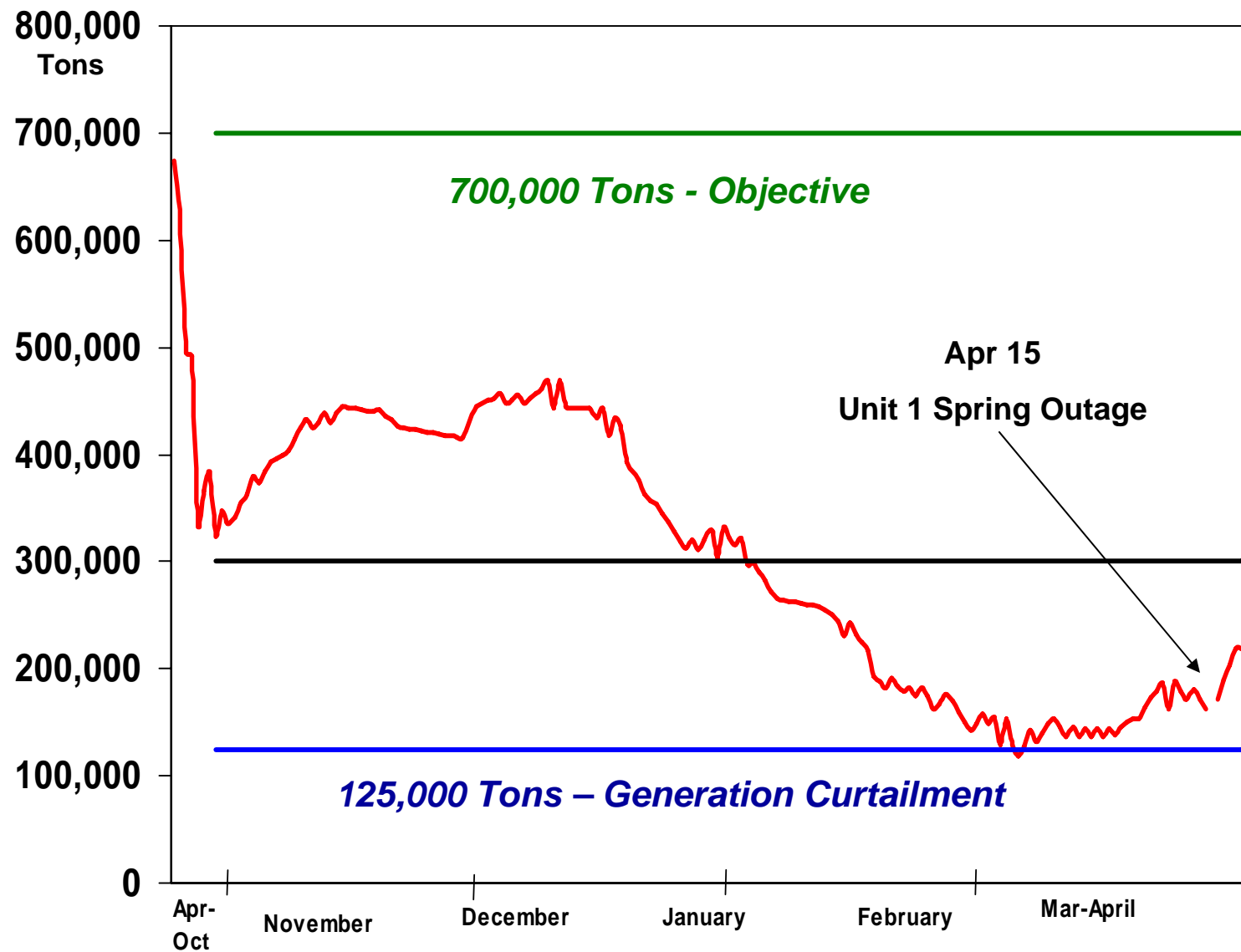
|                        |                    |
|------------------------|--------------------|
| <b>Total SD Impact</b> | <b>\$7,751,000</b> |
|------------------------|--------------------|

\*assuming a \$1 billion in increased costs over 20 years

# **LRS Rate Case Reality**

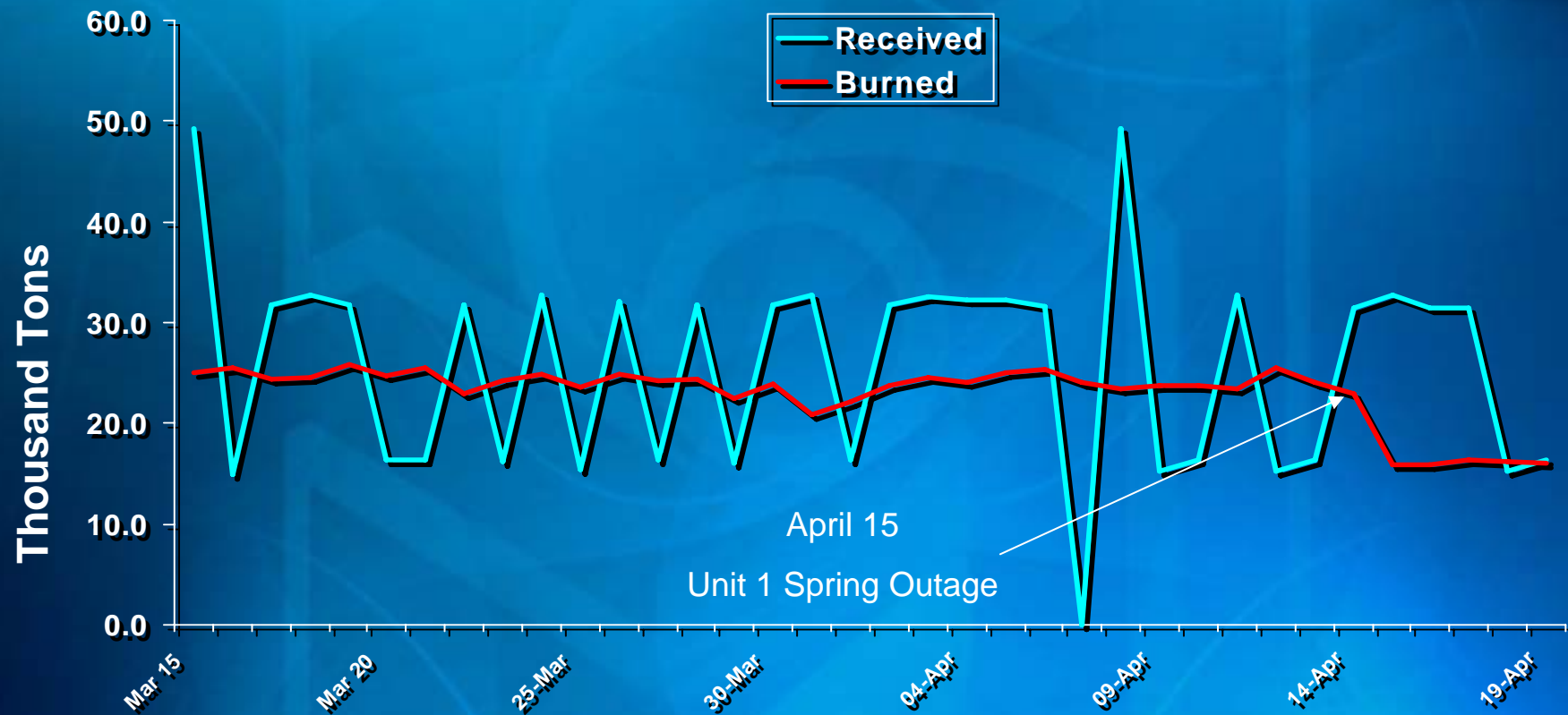
- **Case filed in October of 2004**
  - Asks for roll-back of rate increases
  - \$5 million spent to date
  - Decision expected fall of 2006
- **In February the STB announced rulemaking**
  - Puts LRS and two other cases on hold
  - Delay's decision till 2007 at earliest
  - Will add \$500,000 to \$1 million to case cost
  - LRS forced to continue paying higher rates

# LRS Coal Inventory



# LRS Coal Position

March 15 – April 19, 2006





# National Impacts

- Record deliveries of coal out of PRB
- 20 million tons undelivered to existing customers
- Increased electricity costs to consumers due to lack of coal delivery = \$2 Billion



# Future Expansion

- **Currently building mine/mouth plant in WY**
- **More power needed on east side of system**
- **Studying locations in SD, ND, and IA**
- **Rail transportation critical for SD & IA locations**



# Legislative Solutions

- **Remove anti competitive barriers & improve rate reasonableness process of the STB**
  - **S.919/H.R.2047 Rail Competition Acts**
- **Remove railroad industry exemption from the nation's antitrust laws**
  - **H.R. 3318, Railroad Antitrust and Competition Act of 2005**



# Thank You

**Thank you for your support of  
the NARUC resolution.**





# Other Solutions

- **Confirm Pro-Customer person as the new member of the STB for the current open seat**
- **Increase the rail capacity out of the PRB**
  - Existing Carriers
  - New Carriers
- **Increase rail competition in the state**



The background is a gradient of blue, transitioning from a lighter cyan at the top to a darker blue at the bottom. Overlaid on this are faint, semi-transparent geometric shapes, including circles, triangles, and lines, creating a complex, abstract pattern.

# Questions?